

CHAPTER 2 - NCLB PROGRAMS AND FUNDING

Title I

The State of SD is responsible for providing a free public education system as specified in the South Dakota Constitution. Article 8, Section § 1 states: Uniform system of free public schools:

The stability of a republican form of government depending on the morality and intelligence of the people, it shall be the duty of the Legislature to establish and maintain a general and uniform system of public schools wherein tuition shall be without charge, and equally open to all; and to adopt all suitable means to secure to the people the advantages and opportunities of education.

Under NCLB and prior ESEA authorizations, Title I was and is the largest educational program designed to assist disadvantaged children. Funding under Title I is intended to improve learning for students at risk of educational failure by providing instruction and instructional support to disadvantaged children so they can master challenging curricula and meet state standards in core academic subjects.

The USDOE provides Title I, Part A funds to each State Education Agency (SEA) (SDDOE) with specific amounts allocated to each LEA through a statutory formula based primarily on the number of children ages 5 through 17 from low-income families. This number is augmented by annually collected counts of children ages 5 through 17 in foster homes, locally operated institutions for neglected and delinquent children, and families above poverty that receive assistance under Temporary Assistance for Needy Families, adjusted to account for costs of education in each state. The funding formula for the Basic grant is basically the number of eligible children times the state's adjusted per pupil expenditure times 40 percent. The authorization amounts for Concentration Grants are calculated the same way as Basic grants. For Targeted Grants, which is a new grant category under NCLB, a weighted eligibility count is multiplied by the states' adjusted per pupil expenditure. This is to assure a larger portion of the targeted funding goes to LEAs with the greatest needs and costs. The Education Finance Incentive Grant (EFIG), which is also new under NCLB, goes to the state and is the product of the state's number of eligible children multiplied by its adjusted per pupil expenditure times its effort factor minus 1.3 times its equity factor. The EFIG is designed to reward LEAs in states that devote a greater percentage of income per capita to elementary and secondary education (effort factor) and to reward LEAs in states that have the least amount of disparity between high-spending and low-spending LEAs (equity factor).

In Federal Fiscal Year (FFY) 2003, the State's allocation for each type of grant under Title I, Part A was as follows:

Basic Grants	\$17,744,098
Concentration Grants	\$ 3,127,115
Targeted Grants	\$ 5,787,378
Education Finance Incentive Grants	\$ 5,342,195

Funding in excess of the amount appropriated in FFY 2001 (\$8.76 billion) was dedicated to be awarded under Targeted or EFIG grants. As a result, more funding was being targeted to the schools that had higher poverty levels and the targeted formula increases the size of the grants per poor child as the percentage of economically disadvantaged children in a school increases. States with large populations of high poverty students receive significantly more funding. SD received an increase in funding, whereas, states including Kansas, Maine, Massachusetts,

Michigan, Minnesota, Missouri, New Hampshire, New Jersey, North Dakota and Pennsylvania are projected to experience a decrease in Title I funding.^a

The following table details the types of grants, funding formula, criteria for the grant and funding issues relating to Title I – Part A.

Table 3.1: Title I Funding Formula, Eligibility, Funding Total			
Type of Grant	Federal Formula	Eligibility Criteria	Funding issues
BASIC	Number of formula children times 40% of the average per-pupil expenditure in the state but not less than 32% or more than 48% of the average per pupil expenditure Beginning in 2002, this Census Data had to be updated annually instead of every other year. This introduced volatility into the formula.	An LEA has to have 10 or more eligible children AND the number of eligible children is more than 2% of the total LEA's 5-17 year old school-age population.	An amount equal to the amount made available to make BASIC grants to states in FFY2001 shall be made using this formula.
CONCENTRATION	Calculated the same way as Basic. The state will receive the lesser of: a) .25 percent of the total amount allocated to states under this grant in FFY 2001, plus .35 percent of the total amount allocated to states under this grant in excess of the amount allocated in FFY 2001. OR b) The average of: The amount calculated in (a) above, and the greater of: \$340,000; or The number of formula children times 150% of the national average per-pupil payment made with funds available under this grant section.	If an LEA qualified for BASIC grant, and if the number of eligible children exceeds 6500 or 15% of the total number of children aged 5-17 in the LEA.	An amount equal to the amount made available to make Concentration grants to states in FFY 2001 shall be made using this formula.
TARGETED	Weighted child count (basically the higher percentage of formula children in a LEA the higher the weight given to that population) times the 40% of the average per pupil expenditure in the state. This weighting ranges from 1.0 to 4.0, increasing in increments as the number of formula children increases in a LEA.	An LEA has at least 10 eligible children and these eligible children make up at least 5 % of the total number of children aged 5-17 in the LEA.	.35% of the total amount available to carry out this section, OR the average of .35 % of the amount allocated for this section; and, 150% of the national average grant under this section per child multiplies by the number of eligible children.
EDUCATION FINANCE INCENTIVE GRANTS	Number of formula children times not less than 34% or more than 46% of the average per pupil cost times a states effort factor times 1.3 minus such state's equity	An LEA has at least 10 eligible children and these eligible children make up at least 5 % of the total number of children aged 5-17 in the LEA.	.35% of the total amount available to carry out this section, OR the average of .35 % of the amount allocated for this section; and, 150% of the national average grant under this section per child multiplies by the number of eligible children
Formula children = children between the ages of 5 to 17 from families below the poverty level; neglected and delinquent children; foster care children; and, children in correctional institutions.			

^a Title I Funds: Who's Gaining, Who's Losing & Why, Thomas W. Fagan and Nancy L. Kober, June 2004, Center on Education Policy

To receive Title I funds, the SDDOE submits a consolidated plan to USDOE. Funding for each LEA is then determined by USDOE and the allocations are made. The SDDOE receives these allocations and adjusts them following federal requirements for each LEA which takes into account movements of children, consolidation, closures of schools, hold harmless, and allowable administrative costs and mandated set asides, etc. States are required to reserve 4 percent in FFY 2004 and thereafter (prior percentage was 2 percent) of Title I, Part A allocations for school improvement purposes. For SD in State Fiscal Year (SFY) 2004 that calculation was \$32,000,786 times 2 percent equaled \$640,015. Out of this 2 percent, States must distribute 95 percent of these funds to LEAs for schools identified for improvement, corrective action, or restructuring. For SD in SFY 2004 that calculation was \$640,015 times 95 percent equaled \$608,015. In allocating these funds to LEAs, the SDDOE must give and did give priority to LEAs that: (1) serve the lowest-achieving students; (2) demonstrate the greatest need for the funds; and (3) demonstrate the strongest commitment to ensuring that the funds will be used to enable the lowest-achieving schools to meet their progress goals through their process of awarding these funds. The state is therefore allowed to retain 5 percent of the 2 percent to provide services to help schools in need of improvement. For SD in SFY 2004 that calculation was \$640,015 times 5 percent equaled \$32,000. The state uses those funds to help provide services to schools in need of improvement such as technical services and training conferences for schools identified as in need of improvement.

States are allowed to reserve up to 1 percent of the allocations under Title I, Parts A, C, (Migrant) and D (Neglected and Delinquent) or a minimum of \$400,000, whichever is greater, for state administrative purposes. SDDOE uses the \$400,000 minimum and prorates the differences to each of the programs as follows:

Title I, Part A	$\$32,000,786 \times 1.21\% =$	\$387,267
Part C Migrant	$\$821,827 \times 1.21\% =$	\$9,945
Part D Neg. & Del.	$\$230,348 \times 1.21\% =$	\$2,788

Once Local Education Agencies (LEA) (School Districts in SD) receive their allocations, they in turn allocate Title I funds to eligible schools based on the number of children from low-income families residing within the school district area. A school at or above 40 percent poverty may use Title I, Part A funds to operate a school wide program to update the instructional program in the whole school. Title I funding is meant to supplement state and local funding and not supplant (replace) state or local funds.

Title I schools identified for improvement are required to reserve at least 10 percent of their Title I, Part A funds for professional development that directly addresses the problems that led to identification for improvement. These schools are also required to provide students attending these schools with the option of attending another public school within the district that is not identified for improvement. The LEAs must provide or pay for transportation to the new school. In general, unless a lesser amount is needed to provide choice-related transportation or satisfy all requests for supplemental educational services, the district must spend the equivalent of 20 percent of its Title I, Part A allocation on these activities. Of this 20 percent, the school district shall spend 5 percent for choice-related transportation and 5 percent for supplemental services. The district has the flexibility to determine how to allocate the remaining 10 percent between transportation and supplemental services. Districts can pay for choice-related transportation and supplemental services with their Title I funds, or they can use other allowable federal, state, local, or private revenues. However, LEAs may not reduce allocations to schools identified for corrective action or restructuring by more than 15 percent.

LEAs are also required to use at least 5 percent of their Title I, Part A funds to ensure that all teachers are highly qualified by the end of the 2005-2006 school year.